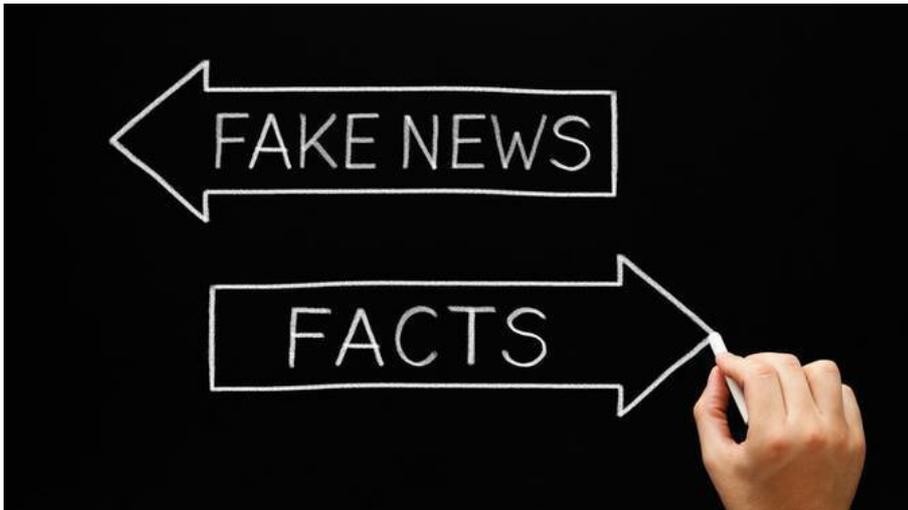


“Treasury propaganda” fails as Government backs down over Loan Charge amendment



Underhanded efforts by the Treasury to prevent a review of the 2016 Loan Charge failed after Liberal Democrat MP Ed Davey secured an amendment requiring that the Chancellor review the effects of the legislation.

Financial Secretary to the Treasury, Mel Stride, confirmed that Government would not be opposing the amendment in Parliament last night. The announcement comes just weeks after the Treasury and Stride circulated further misleading information about the Loan Charge to all MPs.

“Delighted to report I have just led an X-party amendment & forced Ministers to back down to uphold fairness & rule of law!” [tweeted Davey](#), following the confirmation. “An outrageous attempt at retrospective tax must now be reviewed - & gives hope to thousands of innocent people.”

Loan Charge amendment proceeds, in spite of Treasury’s efforts

[Amendment NC26](#) requires that the Chancellor review the effects of the Loan Charge legislation and provide the House of Commons with a report by 30 March 2019.

The decision comes after an apparent last-ditch attempt to prevent the amendment, in which Stride circulated a letter to all MPs on 21 December 2018 which contained falsehoods and misleading comments about the Loan Charge.

An excerpt from the letter reads: ‘The Loan Charge legislation itself is not retrospective. The schemes never worked under the law that existed at the time they were used. A number of court successes, including in the Supreme Court, support the view that the payments to the individuals were always taxable as income. Even without the Loan Charge, HMRC would be legally obliged to pursue the tax due.’

“This is a shocking misrepresentation of the truth, and one which I would hope any MP would pick up on,” comments ContractorCalculator CEO, Dave Chaplin. “We’re now very familiar with Government’s false claim that the Loan Charge isn’t a retrospective tax. But asserting that HMRC would be obliged to pursue the tax regardless implies that the concept of enquiry windows no longer applies to the taxman. They simply have no powers to collect taxes from such a long time ago, particularly from schemes that were legal at the time.

“Stride also appears to use the Supreme Court Rangers ruling as evidence that payments made to individuals were always taxable, with the tax being due by those individuals. In this case, the issue is that the employer had to pay – not the contractor. There is no precedent here on which to base this argument.”

“Schoolboy propaganda” a major cause for concern

Stride later goes on to add: 'It is estimated that less than 0.2% of individual Income Tax payers in the UK will be affected by the Loan Charge', a comment described by Chaplin as "schoolboy propaganda":

"Instead of detailing the actual number of individuals affected, Stride has used a percentage of a much larger irrelevant number to downplay its significance. It's an appalling use of statistics to obfuscate a very serious issue."

The outcome indicates that MPs were wise to the Treasury's tactics in this instance. However, for Chaplin, Government's continued distortion of the truth is an issue which requires urgent attention:

"This imbalanced and misleading rhetoric from the Treasury and HMRC has to stop, as it simply diminishes taxpayer trust. This affects voluntary compliance, on which HMRC ultimately relies.

"Fortunately, we now live in the internet age, where people can rally quickly and hold Government to account when it attempts to mislead the public and its MPs. It must stop holding the electorate in contempt."

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